

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Mark Acton, Vice Chairman;
Nanci E. Langley; and
Robert G. Taub

Market Dominant Product Prices
Inbound Market Dominant Multi-Service Agreements
with Foreign Postal Operators
Singapore Post Limited – United States Postal Service
Bilateral Agreement (MC2010-35)
Negotiated Service Agreement

Docket No. R2012-1

NOTICE AND ORDER CONCERNING RATE ADJUSTMENT
FOR BILATERAL AGREEMENT WITH SINGAPORE POST 2011
AND FUNCTIONALLY EQUIVALENT NEGOTIATED SERVICE AGREEMENT

(Issued October 18, 2011)

I. INTRODUCTION

On October 14, 2011, the Postal Service filed a notice, pursuant to 39 CFR 3010.40 *et seq.*, that it has entered into a bilateral agreement with Singapore Post Limited (Singapore Post), which it seeks to include in the Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 product.¹ The Postal Service contends that the Singapore Post Agreement, which establishes a service for delivery confirmation scanning for inbound letter post small packets, is similar to the China Post

¹ Notice of United States Postal Service of Type 2 Rate Adjustment, and Notice of Filing Functionally Equivalent Agreement, October 14, 2011 (Notice).

2011 Agreement, which the Commission included within the Inbound Market Dominant Multi-Service Agreement with the Foreign Postal Operators 1 product. *Id.* at 2.²

In support of its Notice, the Postal Service filed two attachments as follows:

- Attachment 1—an application for non-public treatment of materials to maintain redacted portions of the agreement and supporting documents under seal; and
- Attachment 2—a redacted copy of the Singapore Post Agreement.

The Postal Service also provided a redacted version of the supporting financial documentation as a separate Excel file.

Singapore Post Agreement. The Postal Service filed the instant Agreement pursuant to 39 CFR 3010.40 *et seq.* The Postal Service and Singapore Post, the postal operator for Singapore, are parties to the Agreement. The Agreement covers inbound Letter Post, in the form of small packets with dimensions greater than those of a flat and weighing less than 2 kilograms. *Id.* Attachment 2 at 9. The Postal Service states that the proposed inbound market dominant rates are intended to become effective on December 1, 2011. *Id.* at 3. The Singapore Post Agreement provides that it becomes effective after all regulatory approvals have been received, notification to Singapore Post, and mutual agreement on an effective date. *Id.* Attachment 2 at 1. The Agreement however, may be terminated by either party on no less than 30 days' written notice. *Id.* at 2.

Requirements under part 3010. The Postal Service states that the financial performance of the Singapore Post Agreement is provided in the Excel file included with its filing. It contends that improvements should enhance mail efficiency and other functions for Letter Post items under the Agreement. Notice at 4.

² See Docket No. R2011-7, Order Concerning an Additional Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 Negotiated Service Agreement, September 23, 2011, at 7 (Order No. 871).

The Postal Service asserts that the Agreement should not cause unreasonable harm in the marketplace since it is unaware of any significant competition in this market. *Id.* at 5-6.

Under 39 CFR 3010.43, the Postal Service is required to submit a data collection plan. The Postal Service indicates that it intends to report information on this Agreement through its Annual Compliance Report. While indicating its willingness to provide information on mailflows within the annual compliance review process, the Postal Service proposes that no special data collection plan be established for this Agreement. With respect to performance measurement, it requests that the Commission exempt this Agreement from separate reporting requirements under 39 CFR 3055.3(a)(3) as determined in Order Nos. 549,³ 700,⁴ and 871 for the Agreements in Docket Nos. R2010-5 and R2010-6, R2011-4, and R2011-7, respectively. Notice at 6-7.

The Postal Service advances reasons why the Agreement is functionally equivalent to the previously filed China Post 2010 and 2011 Agreements and HongKong Post Agreement as it contends that it contains the same attributes and methodology. *Id.* at 8-10. It asserts that the instant Agreement fits within the Mail Classification Schedule language for the Inbound Multi-Service Agreements with the Foreign Postal Operators 1 product. Additionally, it states that the Singapore Post Agreement includes similar terms and conditions, e.g., is with a foreign postal operator, conforms to a common description, and relates to rates for Letter Post tendered from the postal operator's territory. *Id.* at 8.

The Postal Service identifies specific terms that distinguish the instant Agreement from the three existing agreements. These distinctions include the term,

³ See Docket Nos. MC2010-35, R2010-5 and R2010-6, Order Adding Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 to the Market Dominant Product List and Approving Included Agreement, September 30, 2010 (Order No. 549).

⁴ See Docket No. R2011-4, Order Approving Rate Adjustment for HongKong Post–United States Postal Service Letter Post Bilateral Agreement Negotiated Service Agreement, March 18, 2011 (Order No. 700).

purpose of the agreement, effective date, dispute resolution, indemnification, liability, confidentiality terms, signatory, revision of product stream rates, detailed air conveyance charges, specifications for letters, related updates, and other changes. *Id.* at 9-11. The Postal Service contends that the instant Agreement is nonetheless functionally equivalent to existing agreements. *Id.* at 11.

In its Notice, the Postal Service maintains that certain portions of the Agreement, prices, and related financial information should remain under seal. *Id.* at 12; *id.* Attachment 1.

The Postal Service concludes that the Singapore Post Agreement should be added as a functionally equivalent agreement under the Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 product. *Id.* at 12.

II. NOTICE OF FILINGS

Interested persons may submit comments on whether the Postal Service's filing in the captioned docket is consistent with the policies of 39 U.S.C. 3622 and 39 CFR part 3010.40. Comments are due no later than October 24, 2011. The public portions of these filings can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints James F. Callow to serve as Public Representative in this docket.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. R2012-1 to consider matters raised by the Postal Service's Notice.
2. Pursuant to 39 U.S.C. 505, James F. Callow is appointed to serve as officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

3. Comments by interested persons in this proceeding are due no later than October 24, 2011.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary